# Online Communication Technology Under the Global Pandemic—a Close Investigation into Zoom

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**Abstract.** This research paper aims to investigate one of the leading companies in the online communication technology industry--Zoom's development after the global pandemic. For this purpose, the overall effects of COVID-19 on the industry and various types of users in the industry are reviewed. The advantages and disadvantages of Zoom are evaluated and analyzed, and potential opportunities and threats caused by the beginning or end of the pandemic are identified. Finally, the smart points of Zoom are summarized and recommendations for Zoom's future development are proposed. In the first place, external, and internal analyses of Zoom were conducted, including industry analysis, competitor analysis, and specific strategies of Zoom. All those analyses were put under a SWOT framework in order to clearly demonstrate the advantages and disadvantages of Zoom after the pandemic. And based on the SWOT framework some recommendations are drawn. After conducting the research, this research paper finds that being able to accurately assess the demands in the industry and seize opportunities by making intelligent, timely decisions on the overall marketing strategy, keeping the advantages while adjusting disadvantages to fit customers' needs would be the key to success.

**Keywords:** COVID-19; Zoom; SWOT

## 1. Introduction

At the end of the year 2019, an unexpected outbroke of the COVID-19 virus rapidly swept the world, and until now it had infected more than 600 million people and approximately 6.5 million people [1] lost their lives because of COVID-19. Due to the severity of the pandemic crisis, it catastrophically impacted the global economy. Many firms are facing bankruptcy and millions of people lost their jobs since most companies are having a financial deficit, the negative impacts were most obvious in the airlines, hotels, energy equipment, and specialty retail industries. The consumer side of those industries was impacted significantly, and the demand drop was inevitable, creating huge challenges for management teams in many companies, including some multinational corporations in order to survive under the global pandemic.

Since governments had deficits and the tax revenue was decreasing since the outbreak of COVID-19, countries like the US started quantitative easing to purchase a large number of national bonds to boost the economy's recovery. This act brings a higher inflation rate and an increased willingness to save, which are all factors causing a negative real interest rate. As the pandemic crisis recovers and the fed's persistent interest rate increases, customers will be less willing to consume products and services, which will halt the increasing inflation rate. In addition, People under the pandemic were no longer able to go out frequently and the intense regulations of transporting across countries resulted in higher transporting fees and which created challenges for most offline businesses in their supply chain management and price management.

Conversely, the global pandemic created some opportunities for certain industries such as the communication technology industry, as the demand for communication is constant for consumers and offline face-to-face communications were no longer available, online targeted video conferencing companies like Zoom have hit the jackpot and grown dramatically. By the end of 2020, the total revenue of Zoom was four times compared to what was in 2019 and Zoom had on average 350 million daily meeting participants by end of 2020, and this number was only 10 million in 2019 [2]. However, as the global economy is recovering and offline activities are starting to restore, Zoom is facing challenges on how to maintain its customers and make further developments.

# 2. Strength

## 2.1 Branding

Zoom is a household brand known by almost everyone after the pandemic. However, the success of Zoom is not a coincidence, in 2016 Zoom was growing at the fastest rate in the online conferencing market [3].

Eric Yuan, the CEO of Zoom, who founded Zoom in 2011, once said, “From the moment we founded Zoom, our main focus has been to provide a cloud video communications solution that would make customers happy” [4]. Zoom’s initial soul was customer-driven and along the path of development, the spirit of maximizing customer experience is ingrained in Zoom. This caused Zoom to become a brand with strong customer satisfaction.

Developing the freemium model is a brave while intelligent move on branding, by offering free services to customers, millions of people who were forced to move online due to the pandemic were willing to try Zoom. This gave Zoom valuable data on testing and was able to improve based on feedback from such a large customer base Zoom was able to attract most users through their convenient platform.

## 2.2 Positioning

As the leading company in the communications technology industry, Zoom has specialized in the niche market and the management team decided to focus on video meeting features after the pandemic. By precisely developing in one niche of the audio and video meeting market, Zoom can target companies, and schools during the pandemic since they contribute the most to the demand for video conferencing. Compared to some competitors like Skype which is providing similar features along with other additional features, Zoom is having advantages in its niche market by providing better services to customers.

## 2.3 Promotion

Advertising on social media platforms and other online channels is the main way for Zoom’s promotion. On famous social media platforms such as Facebook, Instagram, and TikTok, Zoom posted advertisements in form of videos, articles, or GIFs and initiated certain campaigns like the “Virtual Background Contest” [5] to gain social awareness. In addition, in order to attract more customers, Zoom developed a freemium business model which allows people to use the basic functions of the platform for free and they are required to pay if they want additional functions. This gives a strong incentive for people to try to use Zoom’s service since there is no mandatory payment required.

## 2.4 Product

Zoom provides an online conference platform that is easy to operate and easily accessible. From the online conference room, the meeting holder can demonstrate lectures or make a presentation using the share screen function and the attendees can respond using various interaction buttons designed. Zoom has put the effort into ensuring the quality of videos so that they can provide the best experience to users.

## 2.5 Pricing

The pricing for Zoom can be considered flexible as it is offering various levels of price depending on the actual demand of customers, from Zoom one which maximum cost $270 annually to webinars which would be a maximum of $112252 to contain 10000 audiences [6]. And of course, people always have the free option to use the basic functions of Zoom, and consumers would be able to choose the fittest bundle of services that they would like to pay for.

## 3. Weaknesses

In the first place, compared to most of Zoom's competitors, one of the weaknesses that Zoom have is that it doesn't provide end-to-end encryption which can prevent third parties from accessing the data transferred from one point to another [7]. Lacking this service would cause some of the customers to be reluctant of using Zoom regularly and it would become a barrier for Zoom if it wants to enter into bigger markets in the future

Furthermore, Customers' privacy is significant and should be well protected. If the personal profiles of users or the contents of conferences would be easily hacked and stolen, most customers won't be satisfied. In some companies' conferences, the content might be secret and sensitive, and if they're leaked to their competitors there would be severe crises. As a result, online conference platforms need to ensure users' data is completely confidential. As a result, ensuring a high level of information security is another challenge for Zoom. Since there was a data breach that happened in 2020 where over 500 million usernames and passwords in Zoom were lost. For corporations, confidentiality is a key point that they care about when choosing platforms to hold online conferencing. Zoom's protection of users' data is not enough as it can be easily hacked.

## 4. Opportunities

After the pandemic, due to the inconvenience of face-to-face communication, the demand for online meetings increased drastically. And the market size is not large enough to accommodate this rapid increase in demands, and this trend of increase is expected to grow as the global pandemic continues. In this situation, enlarging the capacity to attract more users would provide an opportunity for Zoom to have an even larger market share. By the end of 2021, Zoom's valuation exceeded $100 billion, a 383% increase from its value in January 2020. [8]

More specifically investigating into main consumers, for example, schools, companies, and governments are those whose demand for video conferences rapidly increase due to the unexpected pandemic, it's clearly shown about opportunities and how Zoom was able to seize those opportunities.

### 4.1 Key consumer—Schools

During the global pandemic, most schools are forced to switch to online channels to continue providing classes/lectures to their students. Because of the ease of using and accessing, over 90000 schools used Zoom at the height of the pandemic [9]. Zoom is providing Free Basic Plans for K-12 schools affected by COVID and paid plans with customized functions including cloud recording, SSO, and transcription [10]. Besides offering classes, Zoom Meetings is often used as a proctoring tool by universities as many students think Zoom is better at protecting personal privacy compared to Proctor U, another proctoring platform. Overall, schools as consumers are mostly caring about the convenience and various functions that would benefit education provided by the platform, and the personal privacy of students should be protected by the platform.

### 4.2 Key consumer—Companies

After the pandemic, most companies around the world are forced to move online and this switch of working mode in companies boosted their use of online conferences and incentivized the B2B relationships between communication technology companies and other companies with this demand. As an example, in 2021, Zoom's annual business customers are approximately 191000, which is more than doubled compared to the data in 2019 [11]. In this B2B relationship, corporations care the most about the efficiency and confidentiality of online conference platforms. Compared to teleconferences, companies nowadays prefer video conferences since video gives a more vivid and comprehensive idea of what a person wants to express. However, the contents of the companies' internal conferences are usually confidential, so it's critical for the online conference platform to ensure the security of its users' privacy.

### 4.3 Key consumer—Governments

For governments, as it becomes inconvenient for them to provide government services to citizens, Zoom is mainly used to expand government services and by using Zoom they are expected to improve productivity and maximize community resources while providing more engaged services to citizens with video communications.

## 5. Threats

### 5.1 Industry Analysis

In 2022, the global information and technology market is predicted to have an overall size of 5.5 trillion dollars, and it is estimated to grow to 6 trillion dollars in 2023 [12]. As one of the biggest markets, the market is fragmented with competition intensifying as various consumer preferences are due to different customer needs. Under the global pandemic, the demand for video conferencing platforms is expected to be much higher compared to normal times, and more and more people are preferring online conferences due to their convenience. Furthermore, as an important segment, certain research and development in technology are necessary for companies to better fit customers' needs since more and more companies are seeing the opportunities in this market and joining to grasp market shares.

### 5.2 Main Competitors

As the demand drives the prices higher in the communication technology industry, there're more companies joining the market and increasing the intensity of competition, among all those competitors, the research paper conducts analyses on some of the biggest threats to Zoom's market share

#### 5.2.1 Google Meet

As one of the most famous IT companies in the world, Google is considered to be highly competitive in the communications technology field due to its sufficient funding and huge customer size compared to Zoom. Since Google is a brand that provides various convenient services such as Google Drive and Google Docs, their customer relationship is strong, and Google Meet is expected to attract a fair number of Google users. In addition, Google Meet would be able to spend much on research and development to improve their service quality as long as the communication technology industry is profitable.

#### 5.2.2 Microsoft Teams

Known as one of the earliest technology companies, Microsoft has advantages in size of the company compared to Zoom. Due to its strong base of computing and software development, Microsoft Teams is capable of providing high-level service and technical support to customers. In addition, Microsoft Teams is easily integrated into other Microsoft Office products which almost everyone uses, it creates a powerful incentive for customers to choose their product in terms of convenience.

#### 5.2.3 Cisco

Cisco is having advantages in the capability of its platform which results in a fantastic user experience for hybrid working. The product is straightforward to use while the simplicity of operation didn't limit its various capabilities, it quickly became one of the best online conference choices after the rapid switch to an online/hybrid work environment.

### 5.3 Recovering from the pandemic

Other than the threats from the industry itself, the global pandemic is not forever, as most people are getting vaccinated, and the impact of the COVID-19 virus is getting smaller and smaller. As the world is moving forward, one day in the future people will inevitably return to normal life schedules and are not restricted to online working/studying. By that time, it is predictable that the number of users and revenue of Zoom would decrease. Controlling this decline and retaining the existing customers would be a challenge for Zoom.

## 6. Recommendations

Standing in 2022, people across the world start returning to lives before the global pandemic: students are taking offline lectures, employees are working in their offices or at least hybrid, and government buildings are open again. All those signals are providing the same information that the era of COVID-19 is approaching the end, and people are less impacted and restricted by the virus. Predictably, the high level of demand in the online communication technology industry caused by the global pandemic would drop, and Zoom should be ready for the upcoming demand decline.

In the first place, Zoom should change its main target customers to companies as recommended. The main reason would be the expected decrease in demand from companies should be the least since schools would no longer have mandatory demand for providing lectures after returning to offline campus life, and governments' spending on online communication platforms would decrease since the budget would be needed for recovering and maintaining offline infrastructures. And companies, even those originally 100% offline companies switch back to their offline models, there still left a considerable number of companies that uses the hybrid working model and have a stable and strong demand for online conferencing. Building on the current B2B basis and targeting companies would mostly retain Zoom's current customers.

Secondly, as the capacity would no longer be a concern after the pandemic since there won't be excess demand in the market, the budget can be spent elsewhere, for example increasing diversity to attract target customers. For companies, the main function of the communication platform they care about is internal communications, customer communications, project management, collaboration tools, and video conferencing [13]. Currently, Zoom is the expert in the field of video conferencing, but for future development, Zoom can dive deeper into not necessarily all but some of the other functions companies are in favor of. However, in diversifying process Zoom have to make sure that their customer-driven service level is not distracted, user experience should always be their number one focus.

## 7. Conclusion

From the path of Zoom's success after the global pandemic, there're many points of the management team that shows their ability that people can learn from. It's a bit of luck for opportunities to appear, and the ability to identify and seize opportunities is valuable. For Zoom, it was able to quickly identify the rapidly increasing demands in the market and identify the main consumer groups. The services specialized for schools, companies and governments were updated timely and the freemium model was able to attract a large number of new users to the platform, upon testing Zoom was able to guarantee the quality of the services they provide. What companies can learn from them is to understand the market and all potential customers beforehand, so that when the opportunity comes, those companies can make timely decisions based on what they already know deep in their mindset, furthermore, locating the preferences of consumer groups and attracting new customers is equally important for a business to thrive. Lastly, for any company success can't be forever, constantly renewing and developing is the only way to maintain the position as a market leader, otherwise, the business would be eliminated as others are growing.

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